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The Secretary of State presents her compliments to Their Excellencies and Messieurs and Mesdames the Chiefs of Mission and has the honor to bring to their attention that the Department of State has extended an exemption from property taxation to real property owned by foreign governments and used to house members of the staff of consular missions who are accredited to the United States.

The Department has determined that foreign governments that own such residences are exempt from real property taxes that may otherwise be assessed by state and local governments in the United States, subject to reciprocity. The Department of State's action was published in the Federal Register on July 2, 2009, a copy of which is enclosed. The Department's action invalidates existing property tax liens with respect to consular residences but does not require local tax authorities to refund property taxes previously paid.

In order for the Department to be able to authorize that the relevant tax authority grant the appropriate exemption, the Chiefs of Mission are requested to

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submit to the Office of Foreign Missions (OFM) a list of those residences in the United States which their governments own and which they believe are entitled to this exemption. The list must include the complete address of the property, the name and title of its current occupant, and the next date on which property taxes would otherwise be paid. OFM requests that this submission include confirmation that the government of the submitting State exempts consular residences. OFM will review the information provided, determine eligibility for exemption, and inform the Chief of Mission and the local tax authority whether a specific residence is entitled to exemption from property tax. The Department requests the information be submitted within 30 days of the date of this note.

With regard to future purchases of consular property, the procedure for obtaining exemption from taxation has changed. Missions should no longer directly contact the local tax authority regarding tax exemption, but rather submit all such requests to OFM. OFM will review the request, and if appropriate, direct the relevant tax authority to grant the exemption. Requests should include the complete address of the property, the date the deed was recorded, and a copy of the Department's prior approval of the purchase.

Inquiries may be directed to the Office of Foreign Missions in Washington, D.C., or to the appropriate OFM Regional Office.

Enclosure:

As stated.

Department of State,

Washington, JUL 2 8 2009